

## **Pension Fund Committee**

Meeting to be held on 20 September 2019

Electoral Division affected: None;
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## **Lancashire County Pension Fund Annual Report**

Appendix 'A' refers

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### **Executive Summary**

This report sets out an updated draft of the Lancashire County Pension Fund Annual Report for the year ended 31 March 2019 for approval by Committee. The publication deadline is 1 December 2019.

The first draft of the annual report and accounts was reviewed by the Committee on 21 June 2019 when it was resolved that a further report on the final version be presented to the Committee on 20 September 2019 for approval.

Amendments made since the last Committee meeting are highlighted in yellow within Appendix 'A' to this report.

### **Recommendation**

The Committee is asked to review the highlighted updates in the Annual Report for the year ended 31 March 2019 and, subject to any further changes being minor, approve it for publication on or before 1 December 2019.

### **Background and Advice**

Regulations require each administering authority to prepare an annual report for the pension fund and publish it before 1 December following the year end.

The external auditors of the Fund, Grant Thornton, provided their opinion on both the accounts and the annual report of the Fund at the Lancashire County Council Audit, Risk & Governance Committee meeting on 29 July 2019. Their opinion was unqualified and concluded that the information provided within the annual report is consistent with the audited financial statements included within the Lancashire County Council Statement of Accounts.

It was reported to the Committee in June that additional disclosures in respect of post-pooling would be required. It was also expected that the narrative reports

outlining administration and investment performance would be updated prior to publication. These changes are outlined below and are included in the updated draft Annual Report attached as Appendix 'A'.

### Financial performance

Summary of financial performance included within section B – 'Management and financial performance'.

### Pooling disclosures

The Local Pensions Partnership has provided cost and savings information, adding further detail regarding the transition of assets into pools, pool set up and transition costs, cumulative savings from pooling and ongoing investment management costs. This information can be found in section G - 'Asset Pools' of the draft at Appendix 'A'.

### Investment policy and performance

Section F - 'Investment policy and performance' in Appendix 'A' has been updated to make explanatory references to changes arising from the Fund's pooling arrangements. The table setting out actual and strategic asset allocations has also been revised to report the Fund's investment in corporate bonds against the allocation to cash, rather than to fixed income investments as is the accounting policy. A footnote to the table is included to highlight this adjustment.

The responsible investment disclosures within Section F also have been revised to provide a focus on the main changes and developments over the past 12 months.

### Pensions administration

The following narrative disclosures have been included in the updated annual report. These items have not been included previously:

1. A list of contributing employers analysed by admitted and scheduled bodies, showing the value of contributions received from both employer and employees during the year. This hasn't been disclosed in previous years and is included as Appendix 1 to the annual report.
2. Details of new pensioners during the year, analysed by ill health, early and normal retirements.

The following narrative disclosures remain outstanding and will be included in the final published version of the annual report, having not been disclosed previously.

1. A statement on value for money.

None of the updates impact on the audit opinion

## **Consultations**

The Local Pensions Partnership.

**Implications:**

This item has the following implications, as indicated:

**Risk management**

The Lancashire County Council Statement of Accounts for the year ended 31 March 2019, which included the accounts of the Fund were published in line with the statutory deadline of 31 July 2019. The audit opinion included within the Fund accounts was unqualified.

The annual report will be published on or before the statutory deadline of 1 December 2019 on the websites of the Fund, Your Pension Service and the Scheme Advisory Board. Availability of the report will be highlighted in the next newsletter to members.

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate

N/A